



IAASB PUBLIC REPORT

January 1, 2016 – June 30, 2019

FOUNDATION FOR THE FUTURE



International Auditing
and Assurance
Standards Board

The International Auditing and Assurance Standards Board (IAASB) is a global independent standard-setting body that serves the public interest by setting high-quality international standards which are generally accepted worldwide.

The IAASB believes that robust international standards contribute to enhanced engagement quality and consistency of practice throughout the world and strengthened public confidence in the global auditing and assurance profession. The IAASB sets its standards in the public interest with advice from the IAASB Consultative Advisory Group (the CAG) and under the oversight of the Public Interest Oversight Board (PIOB).

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CHAIRMAN'S MESSAGE

It has been an honor and privilege to serve as the International Auditing and Assurance Standards Board Chairman for over a decade. I have tremendously enjoyed the challenges in leading the Board in developing, in the public interest, high-quality standards for auditing and assurance for use across the world. The innovations we have made in auditor reporting, quality management and assurance on non-financial information will benefit both users and practitioners. There is still much work to be done, and I am confident the IAASB has the foundation it needs as it enters its new strategy period in 2020.

Reflections and Achievements Since 2016

Setting high-quality standards takes time, and we continually have competing calls for more, and quicker standard-setting activities. My overall impressions are that we have substantially progressed our program to enhance audit quality since the clarified International Standards on Auditing (ISAs) became effective in particular over the past three and a half years. The progress includes addressing not only the challenges and issues identified by our [ISA Implementation Monitoring Project](#) but also those arising from the continually changing environment, including significant revisions to international accounting standards and other external reporting frameworks.

Our efforts to enhance audit quality have taken a large proportion of the Board's time and capacity over the period January 1, 2016 to June 30, 2019. We have finalized a more robust standard for auditing accounting estimates, and we are now focusing on other foundational and core ISAs, including those to identify and assess risks of material misstatement and group audits. We are also currently innovating our way of drafting our standards to help make them capable of effective and consistent application to all sizes of entities.

We continue to be mindful of changes in the environment and how we can best respond, in particular in relation to broader quality objectives which are core to the engagements performed using our



"The innovations we have made in auditor reporting, quality management and assurance on non-financial information will benefit both users and practitioners."

— Prof. Arnold Schilder

standards. We recently consulted on a new approach to quality management for firms and engagements, and our new proposed quality management standards are likely to result in substantial changes from current practice. We believe that enhanced quality management will lay a more solid foundation for the way that the engagements using our standards are carried out. We have invested significant time developing this approach, with considerable input from our stakeholders who responded to our initial ideas in the 2015 Invitation to Comment (ITC),¹ and also through extensive outreach as we have formulated our proposals. We look forward to finalizing our quality management standards in 2020.

We also recognize the importance that stakeholder needs stretch beyond entities' financial statements. We are nearing finalization of our revision of our standard on agreed-upon procedures (AUP) engagements. Furthermore, over the past two years we have been developing guidance about how to apply our standard on other assurance engagements to extended external reporting (EER).² We already published a first phase of draft guidance and hope to have a full draft approved for consultation by

the end of 2019. Innovation and responsiveness to our stakeholders' needs are critical as EER engagements continue to grow and evolve.

Delivery of standards is only the first step in improving the quality of audits and other engagements. As some of our more substantial projects are coming to an end, we turn our focus to how these new and revised standards can be effectively and consistently implemented. While we recognize the importance of this, we also recognize that we cannot do it all, and will work with others to strengthen the implementation efforts around these new and revised standards. We have already started global webinars to help stakeholders understand some of our more recent new proposals and will continue to focus on how we can further facilitate implementation at a global level.

We also look to what we will do next as Board and staff capacity opens up. We have commenced activities related to our post-implementation review of the new and revised auditor reporting standards. We need to undertake this review at the right time to consider whether the standards have had the effect we had intended. We are also very

mindful of the ever-increasing changes in technology and continue to reflect on what needs to be done to support these changes within our standards and in their implementation and application. Considerations relating to technology will form part of a possible new project related to audit evidence as issues in this regard are primarily driven by technology, professional skepticism and the sources of information available to auditors. Scoping activities for this new initiative have commenced early in 2019. Furthermore, professional skepticism remains an ongoing initiative that affects all our projects currently underway.

Lastly, we value the use of our standards by stakeholders of all sizes. Many of the recent revisions have resulted in longer, more complex standards or proposed standards (to address the changing environment which itself is becoming more complex). So, we have recognized that more needs to be done for those engagements where entities operate in less complex environments. In the last decade we have revised our standards on reviews, compilations and other assurance engagements, and are nearing completion of our revised AUP engagements

1. [Invitation to Comment, Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control and Group Audits](#)

2. Previously referred to as "emerging forms of external reporting."

standard. Nonetheless, we must focus more specifically on audits of less complex entities. We have started in earnest with our deliberations about what more can be done and are currently seeking stakeholder views about the challenges and future possible actions. We have not yet decided on a course of action, but nonetheless recognize that action at a global level is needed.

Using the IAASB's Standards

The number of jurisdictions that are using, or are committed to using, the ISAs continues to grow. I have seen a significant increase during my tenure as Chairman of the IAASB, and currently there

are 130 countries worldwide. We continue our efforts to keep the ISAs robust and usable in a wide range of circumstances, thereby encouraging adoption by countries that have not yet adopted or fully adopted the ISAs.

Engaging with Others

Our major axis of cooperation is with the International Ethics Standards Board for Accountants (IESBA). The IAASB and IESBA have agreed [General Principles, Criteria, and Other Key Considerations](#) to guide their interactions on specific significant matters of common interest going forward. Since 2017, the two independent boards

have met annually to discuss matters of mutual relevance. In addition, coordination activities are ongoing for affected projects of both boards and occur at staff and task force or working group levels, with the Board Chairs, appointed liaison members and leadership also having regular interactions. The enhanced strategic and technical coordination is essential in light of the increasing extent to which the boards' standards have common or overlapping topics or areas and use of both boards' standards by many jurisdictions.

The development of high-quality, usable standards cannot be done without the input from our stakeholders globally. This



report shows how much outreach we have performed with a great variety of stakeholders. It is a vital part for drafting standards that are globally relevant. And... it is most stimulating.

A key input to the development of our standards comes from our Consultative Advisory Group (CAG). The CAG's membership continues to be broad based and provides the IAASB with insights and inputs on our proposals as we develop our standards and set our strategy.

Our meetings with organizations such as the International Forum of Independent Audit Regulators (IFIAR), the International Organization of Securities Commissions (IOSCO), the Basel Committee on Banking Supervision (BCBS) and the International Association of Insurance Supervisors (IAIS), as well as the firms, have been constructive and informative. Equally so, our annual meetings with national standards setters (NSS) about regional and jurisdictional developments. The IAASB's intensive outreach program with a multitude of stakeholders across the globe has served us well in being alert and responsive to users' needs in setting our standards.

Only through continuously improving our responsiveness and adaptability can the IAASB serve the public interest needs of the future as well as we have served them in the past with relevant and fit-for-purpose standards. Such input is integral to finding meaningful and workable solutions to the challenges we face, and also serves as an early warning signal of the need for action.

Moving Ahead

We have come a long way since the adoption of the clarified ISAs. The IAASB has produced many high-quality pronouncements and publications that prominently address our public interest mandate. Many of our efforts during this period will extend well into the medium term, as projects move from research and information gathering, to development, and to implementation. Our new proposed Work Plan sets forth our key areas of interest for 2020–2021 including group audits, audit evidence, technology, the scalability of our standards, and the global implementation of new and revised standards. We are fully committed to completing what we have started and are working hard towards our

targeted dates for completion of several new and revised standards in the next 24 months.

My successor, Tom Seidenstein, will not be short of challenges of his own. Further reflection will be important about how the Board can enhance its structures to adequately support its activities, within the context of the new proposed strategy.

Acknowledgements

I conclude with warmest thanks to the many persons and parties that have supported, challenged and encouraged me for such a long time. In particular, I extend my gratitude to the volunteer IAASB Members, Technical Advisors and CAG Representatives for their invaluable contributions; to members of the Public Interest Oversight Board (PIOB) and IAASB staff that guide and support our work; and the International Federation of Accountants for its support for our operations.

Last but certainly not least: my wife — who has joined me so warmly in my passion for this job!

Prof. Arnold Schilder
IAASB Chairman



MESSAGE FROM THE IAASB CONSULTATIVE ADVISORY GROUP CHAIR

I have been honored to serve as the CAG Chair since January 2017. As the CAG Chair, I have developed a deep appreciation for our role and influence on the IAASB. In my time as the Chair, we have discussed a number of standards that have, or are expected to have, a significant impact on the profession, stakeholders, and financial systems. I believe the CAG has provided insights and perspectives to the IAASB that have assisted its deliberative process and considered the public interest.

The CAG's [Terms of Reference](#) describe in detail the CAG's objective and the scope of its activities. I am pleased to report that the CAG steadfastly continued to fulfil its mandate to serve the public interest during the period under review in this public report.

Highlights

I would like to highlight the CAG's integral and active role in the development of the following completed and in-progress standards that will contribute to high-quality audit, assurance and related services engagements, thereby strengthening public confidence in the global auditing and assurance profession.

Final Standard on Auditing Accounting Estimates

The CAG Representatives were keenly interested in this project given its public interest impact on all audits, but particularly on financial institutions, and the need for more robust performance requirements, particularly in relation to the expected credit loss model set out in International Financial Reporting Standard (IFRS) 9, as well as to emphasize the importance of the appropriate application of professional skepticism when auditing accounting estimates. ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*, achieved that objective and addresses several public interest issues, including those raised by PIOB observers during the course of meetings attended. The CAG also suggested, and supported, the development of non-authoritative implementation guidance following the approval



"Applying appropriate oversight and due process is at the heart of development, implementation and monitoring of new standards in the public interest."

– Jim Dalkin

of the revised standard and formation of a dedicated ISA 540 Implementation Working Group.

Exposure Draft on the Auditor's Risk Assessment

The proposed revisions to ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement*, address several public interest issues the CAG raised, including in relation to the complexity and scalability of the standard. The auditor's ability to serve the public interest includes the ability to apply this, and other standards, to the audits of financial statements for all entities—ranging from small, simple, non-complex entities to large, complex, multinational entities. The CAG provided specific input on the complexity of the standard and the need for it to be more scalable and capable of proportional application to audits of less complex entities. The IAASB is responding, *inter alia*, by considering a new approach to presenting the requirements and application material in this standard to broadly address these and other concerns raised by the CAG and respondents to the exposure draft.

The CAG also identified the need for more emphasis on the exercise of professional skepticism during

the risk assessment process, the prominence of which is more evident in the exposure draft, as well as the IAASB's further revisions in response to the comments that have been received.

Exposure Drafts of Proposed Quality Management Standards

The CAG has been involved in the normal course of development of the new and fundamental suite of quality management standards; providing advice and input throughout the development process from a public interest perspective.

The proposed standards address the most relevant public interest issues raised by the CAG related to quality management at the firm and engagement levels. The balance achieved in these proposed standards between regulators' needs for more robust quality management standards, and those of small- and medium-sized practices (SMP) to avoid a "one size fits all" approach, was a key concern for the CAG as the revisions to the standards were developed.

The CAG also encouraged the IAASB to issue, with the exposure drafts, supplementary

materials and diagrams to help broader stakeholder groups in understanding the ISQM 1 Exposure Draft³ and to assist with understanding how the standards are scalable. In addition, while the CAG supported the use of the term "entity of significant public interest" in the Exposure Draft for ISQM 2,⁴ it highlighted the need for guidance to ensure firms apply the requirements consistently in determining which entities' engagements would be subject to engagement quality review.

The CAG will continue to focus on relevant public interest issues as the standards are progressed towards finalization.

Audits of Less Complex Entities

The IAASB is embarking on further exploration of how its standards can better address an audit of a less complex entity (LCE). The CAG strongly supports this initiative and looks forward to providing further input as the IAASB consults, and develops recommendations, on what more can be done.

Other Engagements

The IAASB also demonstrated its responsiveness to the need for high-quality standards in the public interest for other forms of

3. Exposure Draft of International Standards on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

4. Exposure Draft of ISQM 2, *Engagement Quality Reviews*



engagements that are increasing in the marketplace, including:

- *Agreed-upon procedures engagements* — The CAG provided input to the IAASB on whether the practitioner performing the AUP engagement needs to be independent. The IAASB is in the process of addressing the comments to the exposure draft on this issue.
- *Extended external reporting assurance guidance* — The CAG considers the IAASB's work on EER to be very important and supported its consideration of the similarities and differences among various EER frameworks when developing the Consultation Paper that was issued as part of phase 1 of the project.

The CAG Representatives have been active in discussing these projects and will continue to do so as the projects progress.

Future IAASB Activities

Overall, the CAG supports the IAASB's proposed 2020–23 Strategy and 2020–21 Work Plan issued for comment. The CAG had suggested providing a stronger linkage between the opportunities and challenges that the IAASB is facing with the proposed strategic actions and highlighting the need to further emphasize advances in technology as appropriate. The CAG looks forward to providing our views as the Strategy and Work Plan are finalized later in 2019.

Acknowledgements

I very much appreciate the diverse views, expertise and engagement from fellow CAG Representatives, who represent a number of different backgrounds and perspectives ranging from lawyers and actuaries to the investor community. Over the past eighteen months, there have been calls for structural change in the governance and structure of international standard setting. I look forward to the further developments in this regard that would enable the CAG Representatives to continue to make constructive and timely contributions. I also highlight my appreciation and respect for Prof. Schilder. He has always sought the CAG's perspective and ensured that Board members and task forces have heard our voice and considered the public interest.

Jim Dalkin
CAG Chair



MESSAGE FROM THE TECHNICAL DIRECTOR

As is apparent from the content of this public report, the IAASB's strategy and the projects and related work that have been undertaken during the period under review are a testament to a well-led and committed Board. A large thank you and appreciation that cannot be expressed in words must go to the Chairman, Prof. Schilder, who has led the IAASB with distinction for over a decade.

Our Chairman would be the first to point out that the work of the IAASB, including all its many successes and areas for improvement, always comes down to a team effort—everybody concerned needs to play the role expected of them, based on a deep commitment and desire to achieve the best possible outcome for auditing and assurance in the public interest. In this regard, let me acknowledge my predecessor Technical Directors who were involved during the period under review, namely Kathleen Healy (2015–2016) and Matthew Waldron (2017–2018), as well as Dan Montgomery who served in the interim period from May 2018 to December 2018. I also want to acknowledge the important role of the IAASB's two Deputy Directors, Beverley Bahlmann and Brett James, during the transition period; they are indispensable members of the IAASB management team.

My role is primarily about leading the IAASB staff team that works closely with the Board and its Chair to advance the standard-setting program and engage with key stakeholders to heighten engagement quality for audit, assurance and related services engagements, and thereby contribute to enhancing credibility and trust in external reporting. I accept the challenge and look forward to working with a dedicated and experienced Board, competently supported by their Technical Advisors, and a well-capable and committed IAASB staff team to collectively deliver on the IAASB's mandate. The credibility and quality of our work is further enhanced by the advice and direction we receive from the IAASB CAG and the oversight provided by the PIOB.



The proposed strategy suggests refinements to the current processes—including deepening opportunities to connect and collaborate and to innovate how we work to strengthen and broaden our capability and capacity to allow us to better adapt to the changing environment to meet stakeholders' needs.

After observing the IAASB at work for many years and being closely involved with the ongoing adoption and implementation of its standards in my own jurisdiction of South Africa, I am pleased to now lead the staff team during a time that promises to present unique challenges and opportunities to advance the IAASB's international audit and assurance standard-setting program.

In the latter half of the period under review, and going forward, the IAASB will remain mindful of reforms being contemplated by the Monitoring Group (MG). We remain open-minded in terms of reforms that may be accelerated in areas where legitimate concerns exist, but at the same time wish to retain the strengths of the current model. The IAASB remains adaptable to accommodate any further changes arising from the MG review.

One of the many strengths of the current standard-setting model is the IAASB's adherence to a rigorous due process in developing our standards, as set out in the [Standards-Setting Public Interest Activity Committees' Due Process and Working Procedures](#) and as approved by the PIOB. Our formal

due process covers, *inter alia*, project proposals, issues papers, consultation papers, exposure drafts and the approval of final standards. In addition, a separate document is published with each standard that explains the IAASB's basis for conclusions with respect to comments received on an exposure draft. Furthermore, we are required to consult extensively with stakeholders, and our deliberations are open and transparent—meetings are open to the public, a full package of agenda materials is available to the public before the meetings, and minutes, meeting highlights and a podcast are available after the meetings (and all, including the audio recording of every plenary session, are published on the IAASB website).

The IAASB's due process and working procedures have served us well, as evidenced in this public report. Much has been delivered during the period January 1, 2016–June 30, 2019 towards achieving the strategic objectives set out in the [IAASB Strategy for 2015–2019, Fulfilling Our Public Interest Mandate in an Evolving World](#).

In early 2019, the IAASB published a [Proposed Strategy for 2020–2023 and Work Plan for 2020–2021](#) that highlights five themes of our strategy and focus, and in which the IAASB proposes restructuring and enhancing its activities to meet stakeholders' evolving needs, in a timely manner and that would be in the public interest.

Our success will be achieved through our commitment to engage, listen and learn, and to lead and adapt in our global standard-setting responsibilities and by fostering confidence in the quality and relevance of our processes and standards, evidenced by the many jurisdictions using or committed to using our standards, including their oversight bodies (regulatory and inspection), and by user and practitioner communities.

Our Proposed Strategic Themes



Our Strategy for 2020–2023 will be finalized towards the end of 2019 around the five themes illustrated above and based on the inputs we have received on the public consultation and through targeted outreach activities.

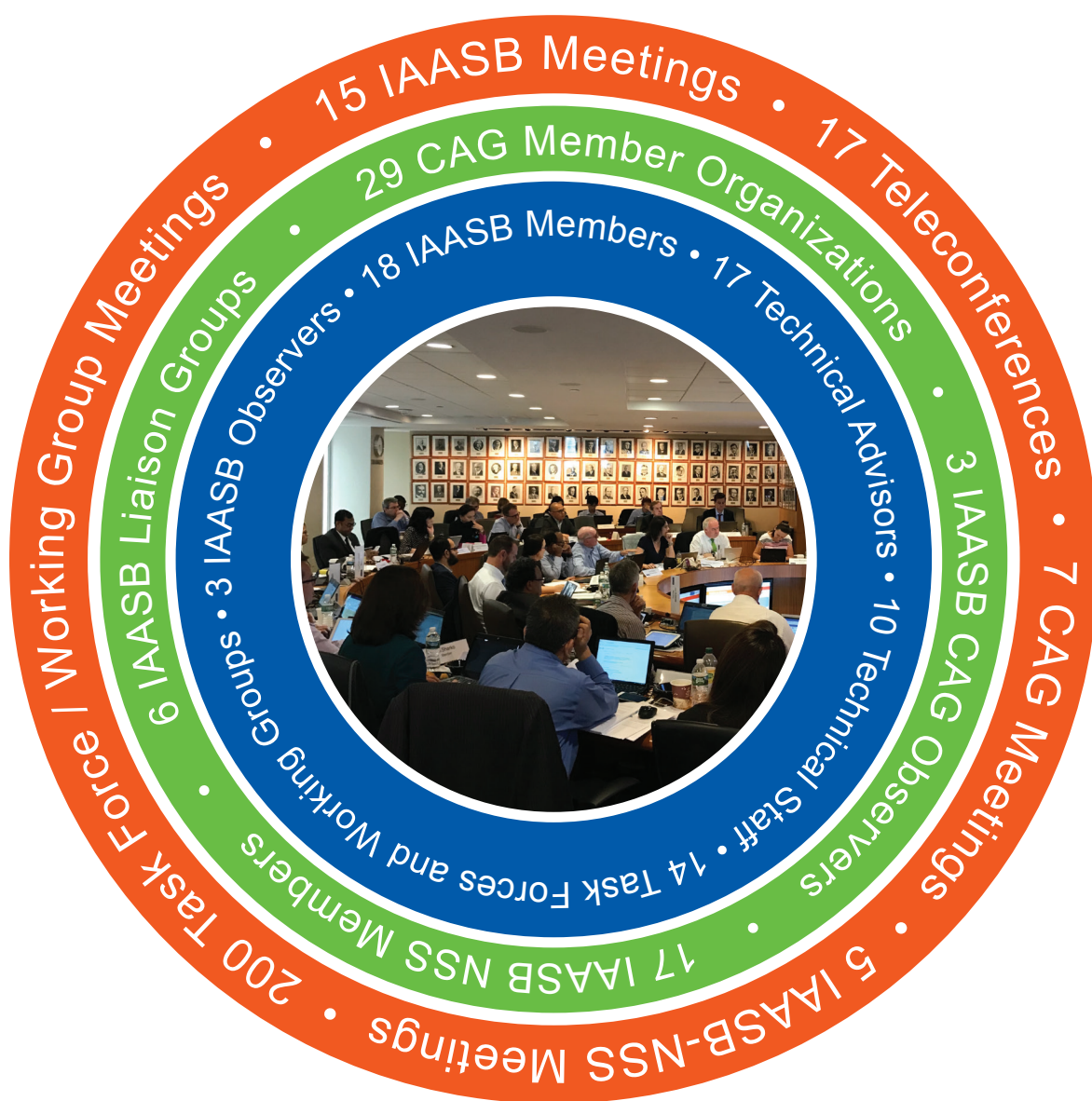
I welcome the opportunity to be involved in the process to continue to build on the solid foundation that has been laid. We will remain focused on delivering robust international standards that

are capable of consistent and proper implementation, thereby enabling high-quality audits, assurance and related services engagements in the public interest.

Willie Botha
Technical Director, IAASB



IAASB AT A GLANCE



PUBLICATIONS

Publications for the period January 1, 2016 to June 30, 2019



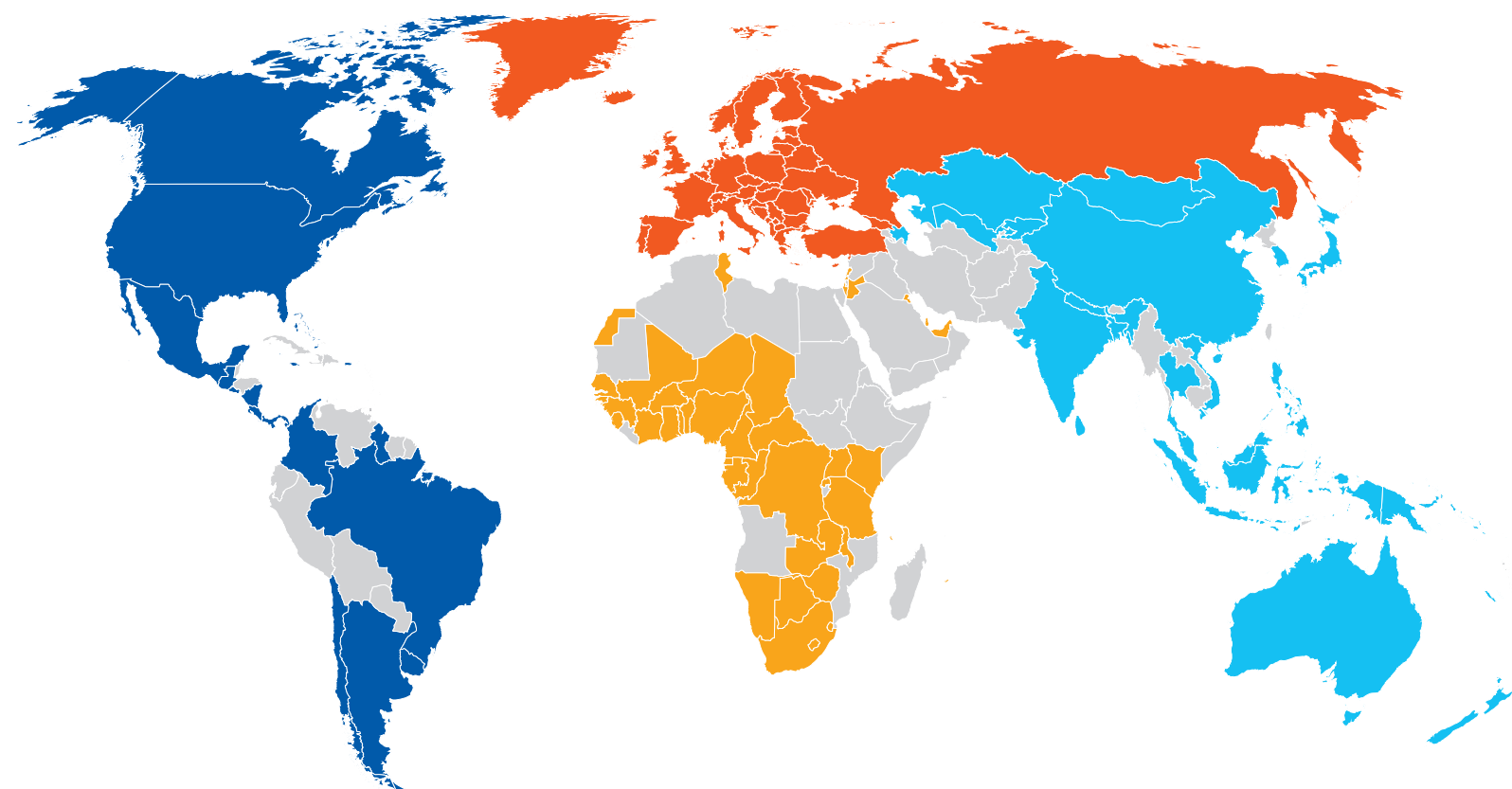
OUR STANDARDS ACROSS THE WORLD

As at June 30, 2019, 130 jurisdictions worldwide use or are committed to using the ISAs, up from some 90 countries in the mid-2000s. The significant increase in use of the ISAs is important because, apart from setting high-quality auditing, assurance and related services standards, the IAASB also has as its objective the convergence of international and national standards, thereby enhancing the quality and consistency of audit and assurance in the public interest.



The content on the following page has been compiled from publicly-available information about jurisdictions using, or committed to using, the ISAs. Updated information on [adoption](#) is maintained on the IAASB's website.

Jurisdictions using or committed to using the ISAs



Americas (20)

Argentina, Bahamas, Barbados, Brazil, Canada, Cayman Islands, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Guyana, Jamaica, Mexico, Nicaragua, Panama, Puerto Rico (private companies), Trinidad and Tobago, Uruguay, USA (private companies)

Europe (44)

Albania, Armenia, Austria, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France (Experts Comptables), Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Kosovo, Latvia, Lithuania, Luxembourg, Malta, Moldova, Montenegro, Netherlands, Norway, Poland, Portugal, Republic of North Macedonia, Romania, Russian Federation, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom

Asia and Oceania (24)

Australia, Bangladesh, Bhutan, Cambodia, China, Hong Kong, India, Indonesia, Japan, Kazakhstan, Kyrgyz Republic, Malaysia, Mongolia, Nepal, New Zealand, Pakistan, Papua New Guinea, Philippines, Singapore, South Korea, Sri Lanka, Thailand, Uzbekistan (listed entities), Vietnam

Africa/Middle East (42)

Azerbaijan, Bahrain, Benin, Botswana, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Côte d'Ivoire, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Ghana, Guinea, Guinea-Bissau, Jordan, Kenya, Kuwait, Lebanon, Lesotho, Malawi, Mali, Mauritius, Morocco, Namibia, Niger, Nigeria, Palestine, Republic of the Congo, Rwanda, Senegal, Sierra Leone, South Africa, Swaziland, Tanzania, Togo, Tunisia, Uganda, United Arab Emirates (Abu Dhabi and Dubai), Zambia, Zimbabwe



OUR STRUCTURES



OUR PEOPLE

At June 30,
2019

BOARD MEMBER	COUNTRY	2019	2018	2017	2016
NON-PRACTITIONERS					
Arnold Schilder, Chairman	Netherlands	✓	✓	✓	✓
Chuck Landes	United States		✓	✓	✓ (Deputy Chair)
Abhijit Bandyopadhyay	India		✓	✓ ⁶	✓
Chun Wee Chiew	Singapore	✓	✓		
Bob Dohrer	United States	✓	✓ ⁷	✓	✓
Marek Grabowski ^P	United Kingdom	✓	✓	✓	✓
Kai Morten Hagen	Norway	✓			
Merran Kelsall	Australia				✓
Annette Köhler ^P	Germany			✓	✓
Kai-Uwe Marten ^P	Germany	✓	✓		
Marc Pickeur ^P	France			✓	✓
Lyn Provost ^P	New Zealand	✓	✓	✓	
Ron Salole	Canada		✓	✓	✓
Roger Simnett ^P	Australia	✓			
Eric Turner	Canada	✓			
Imran Vanker ^P	South Africa	✓	✓	✓	✓
Ge Zhang	China		✓ ⁸	✓	✓
PRACTITIONERS					
Megan Zietsman	USA		✓ (Deputy Chair)	✓ (Deputy Chair)	✓
Fiona Campbell	Australia	✓ (Deputy Chair)	✓	✓	✓
Jean Blascos	France				✓
Julie Corden	Canada	✓			
Karin French	United States	✓	✓	✓	✓
Len Jui	China	✓	✓	✓	
Sachiko Kai	Japan	✓			
Fernando Ruiz Monroy	Mexico	✓	✓		
Brendan Murtagh	Ireland			✓	✓
Rich Sharko	Netherlands	✓	✓	✓	✓
Sayaka Sumida	Japan			✓	✓
Isabelle Tracq-Sengeissen	France	✓	✓		

6. In 2016 and 2017 Mr. Bandyopadhyay was designated a practitioner

7. In 2019 Mr. Dohrer changed organizations and his designation changed to non-practitioner

P. Public Member

8. Mr. Zhang retired from the Board during 2018, prior to completion of his term



IAASB Members



JUNE 30, 2019

Standing (left to right)

Chun Wee Chiew, Roger Simnett, Len Jui, Bob Dohrer, Marek Grabowski, Kai-Uwe Marten, Arnold Schilder, Eric Turner, Fernando Ruiz Monroy, Kai Morten Hagen, Imran Vanker, Rich Sharko, Lyn Provost

Sitting (left to right)

Karin French, Sachiko Kai, Fiona Campbell, Isabelle Tracq-Sengeissen, Julie Corden

DECEMBER 2018

Back row (left to right)

Ron Salole, Lyn Provost, Bob Dohrer, Megan Zietsman, Chuck Landes, Len Jui, Chun Wee Chiew, Marek Grabowski, Imran Vanker, Fernando Ruiz Monroy

Front row (left to right)

Fiona Campbell, Abhijit Bandyopadhyay, Karin French, Arnold Schilder, Rich Sharko, Isabelle Tracq-Sengeissen, Kai-Uwe Marten



DECEMBER 2016

Back row (left to right)

Ge Zhang, Ron Salole, Bob Dohrer, Abhijit Bandyopadhyay, Megan Zietsman, Arnold Schilder, Karin French, Rich Sharko, Annette Köhler, Sayaka Sumida

Front row (left to right)

Marc Picqueur, Imran Vanker, Fiona Campbell, Chuck Landes, Brendan Murtagh, Marek Grabowski, Merran Kelsall, Jean Blascos



Observers, Technical Advisors and Staff (at June 30, 2019)

OBSERVERS	TECHNICAL ADVISORS (Member in brackets)	STAFF
James Dalkin – Chair, CAG	Helene Agélii (Kai Morten Hagen)	James L. Gunn, Managing Director, Professional Standards
Yoshinao Matsumoto – Japanese Financial Services Agency	Sarah Ashton (Karin French)	Willie Botha, Technical Director
	Vivienne Bauer (Fernando Ruiz Monroy)	Beverley Bahlmann, Deputy Director
	Nicolette Bester (Imran Vanker)	Brett James, Deputy Director
	Wolf Böhm (Kai-Uwe Marten)	Natalie Klonaridis, Principal
	Melissa Bonsall (Julie Corden)	Joy Thurgood, Principal
	Fabien Cerutti (Isabelle Tracq-Sengeissen)	Jasper van den Hout, Principal
	Johanna Field (Eric Turner)	Yvonne Chan, Manager
	Hiram Hasty (Bob Dohrer, Chuck Landes)	Phil Minnaar, Manager
	Josephine Jackson (Marek Grabowski)	Hankenson Jane L. Talatala, Manager
	Susan Jones (Len Jui, Jean Blascos)	Armand Kotze, Analyst
	Jamie Shannon (Rich Sharko)	Elaine German, Administrative Assistant
		Michelle Harrison, Administrative Assistant

OBSERVERS	TECHNICAL ADVISORS (Member in brackets)	STAFF
	<p>Sylvia van Dyk (Lyn Provost)</p> <p>Denise Weber (Fiona Campbell)</p> <p>Kohei Yoshimura (Sachiko Kai)</p> <p>Matthew Zappulla (Roger Simnett)</p>	<p>Keiko Kodama, Seconded from Japanese Institute of Certified Public Accountants (February 2019–July 2019)</p>



OUR WORK

WORKING TOWARDS DELIVERING ON OUR STRATEGIC OBJECTIVES

Our Strategy for 2015–2019 identifies three strategic objectives that provide a framework for our work:

- (i) Ensure that ISAs Continue to Form the Basis for High-Quality, Valuable and Relevant Audits Conducted Worldwide by Responding on a Timely Basis to Issues Noted in Practice and Emerging Developments
- (ii) Ensure the IAASB's Standards Evolve as Necessary to Adequately Address the Emerging Needs of Stakeholders for Services Other than Audits of Financial Statements
- (iii) Strengthen Outreach and Collaboration with Key Stakeholders in the Reporting Supply Chain on Public Interest Issues Relevant to Audit, Assurance and Related Services

The following sets out our activities (corresponding to our strategic objectives above) for the period from January 1, 2016 to June 30, 2019:

Our Projects and Initiatives

Project	Publication – Consultations and Final Pronouncements	Publications – Implementation Activities, Support Materials and Updates	Status and Next Milestone
International Standards on Auditing (ISAs) & International Standards on Quality Control (ISQC) (Strategic Objective (i))			
Auditor Reporting – Amendments to ISA 800 and 805; Amendments to ISA 810	The objective of this project was to make changes to conform the IAASB's 800-series to the new and revised auditor reporting standards. ⁹		
	ISA 800 (Revised), <i>Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks</i> and <i>Basis for Conclusions</i> – January 2016	In addition to the projects related to amending the ISA 800-series to conform to the new and revised auditor reporting standards, the IAASB issued the following	ISA 800-series completed. A post implementation review of the new and revised auditor reporting standards was identified for inclusion in the IAASB's Work Plan for 2020–2021.

9. The IAASB's new and revised auditor reporting standards, issued in January 2015, comprise: ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*; ISA 701, *Communicating Key Audit Matters in the Independent Auditor's Report*; ISA 260 (Revised), *Communication with Those Charged with Governance*; ISA 570 (Revised), *Going Concern*; ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor's Report*; ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report*; and conforming amendments to other ISAs.

Project	Publication – Consultations and Final Pronouncements	Publications – Implementation Activities, Support Materials and Updates	Status and Next Milestone
	<p><u>ISA 805 (Revised), <i>Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i> and <i>Basis for Conclusions</i></u> – January 2016</p> <p><u>ISA 810 (Revised), <i>Engagements to Report on Summary Financial Statements</i> and <i>Basis for Conclusions</i></u> – March 2016</p>	<p>implementation and support material aimed at promoting awareness and understanding, and effective implementation of the new and revised auditor reporting standard.</p> <p><u><i>The New Auditor's Report: Questions and Answers</i></u> – November 2016</p> <p><u><i>More Informative Auditor's Reports– What Audit Committees and Finance Executives Need to Know</i></u> – March 2016</p> <p><u><i>The New Auditor's Report: A Comparison between the ISAs and the PCAOB Re-proposal</i></u> – May 2016</p> <p><u><i>Determining and Communicating Key Audit Matters</i></u> – July 2016</p> <p><u><i>The New Auditor's Report: A Comparison between IAASB and US PCAOB Standards</i></u> – August 2017</p> <p><u><i>Summary Comparison Between the IAASB and the US PCAOB Standards</i></u> – August 2017</p> <p><u><i>The New Auditor's Report: Questions and Answers</i></u> – November 2016</p>	

Project	Publication – Consultations and Final Pronouncements	Publications – Implementation Activities, Support Materials and Updates	Status and Next Milestone
<u>Non-Compliance with Laws and Regulations (NOCLAR)</u>	The objective of this project was to align ISA 250 (Revised) and other International Standards with the new requirements in the International Code of Ethics for Professional Accountants (including International Independence Standards) that addresses NOCLAR.		
	<u>ISA 250 (Revised), Consideration of Laws and Regulations in an Audit of Financial Statements</u> and <u>Basis for Conclusions</u> – October 2016	<u>At a Glance: Non-Compliance with Laws and Regulations – An Overview of International Standard on Auditing (ISA) 250 (Revised), Consideration of Laws and Regulations in an Audit of Financial Statements</u> – October 2016	Completed.
<u>Auditing Accounting Estimates</u>	The objective of this project was to establish more robust requirements, detailed guidance and support tools to drive auditors to perform appropriate procedures on accounting estimates and related disclosures.		
	<u>Proposed International Standard on Auditing (ISA) 540 (Revised), Auditing Accounting Estimates and Related Disclosures</u> – April 2017 <u>ISA 540 (Revised), Auditing Accounting Estimates and Related Disclosures</u> and <u>Basis for Conclusions</u> – October 2018	<u>Project Proposal for the Revision of ISA 540, Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures</u> – March 2016 <u>ISA 540 Revision Project Publication: An Update on the Project and Initial Thinking on the Auditing Challenges Arising from the Adoption of Expected Credit Loss Models</u> – March 2016	Completed. ISA 540 (Revised) addresses accounting estimates more broadly and contains several key provisions that address the importance of the auditor's risk assessment and the exercise of professional skepticism in auditing accounting estimates. At June 30, 2019 the IAASB continues to focus efforts on implementation support activities.

Project	Publication – Consultations and Final Pronouncements	Publications – Implementation Activities, Support Materials and Updates	Status and Next Milestone
		<p>At a Glance: ISA 540 (Revised) and Related Conforming and Consequential Amendments – October 2018</p> <p>ISA 540 (Revised) Slide Decks – January 2019</p> <p>Video – that provides an overview of the public interest issues and the changes to the standard – January 2019</p> <p>Flow Charts and Diagram – April 2019</p>	
Risk Identification and Assessment	<p>The objectives of this project are to establish more robust requirements, appropriately detailed guidance and support tools to drive auditors to perform more consistent, robust risk assessments in a manner that is commensurate with the size and nature of the entity.</p>		
	<p>Proposed International Standard on Auditing (ISA) 315 (Revised), Identifying and Assessing the Risks of Material Misstatement – July 2018</p>	<p>Project Proposal for the Revision of ISA 315 (Revised), Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and Its Environment – September 2016</p> <p>Flowcharts – July 2018</p> <p>Webcast providing an overview of the key proposed revisions in proposed ISA 315 (Revised) – August 2018</p>	<p>At June 30, 2019, the IAASB continues to develop the final changes to this ISA, with conforming amendments to other ISAs as necessary, in response to comments received from its stakeholders to the exposure draft. In particular, the IAASB has developed an approach to drafting this standard that assists with length, complexity and understandability. The IAASB is also considering what further implementation materials</p>

Project	Publication – Consultations and Final Pronouncements	Publications – Implementation Activities, Support Materials and Updates	Status and Next Milestone
		Webcast for questions and answers relating to the proposed changes in ED-315 (Revised) – October 2018	will be needed to assist with understanding and applying the changes. Next Targeted Milestone: Approval of Standard in September 2019
Group Audits	The objective of this project is to strengthen and clarify the auditor's approach to planning and performing a group audit, including interactions with other ISAs and the IESBA Code.		
	Invitation to Comment, Enhancing Audit Quality in the Public Interest, A Focus on Professional Skepticism, Quality Control and Group Audits – December 2015 (the consultation period closed in May 2016)	Enhancing Audit Quality: Project Proposal for the Revision of the IAASB's International Standards relating to Quality Control and Group Audits – December 2016 ISA 600 Project Update, Enhancing Audit Quality Focusing on Group Audits – October 2017	The IAASB commenced revising ISA 600 in early 2017. However, this project was slowed for progress to be made on ISA 220 (see below) and ISA 315 (Revised) (see above) as many of the fundamental concepts within ISA 600 are based on important principles within ISA 220 and ISA 315 (Revised). Work re-commenced in January 2019 and through June 30, 2019 has focused on the key public interest issues with respect to group audits, the scope and applicability of ISA 600, group audit related definitions, a proposed new group risk-based approach in terms of scoping a group audit and the special considerations and incremental requirements in relation to the application of other foundational standards in a group audit. Next Targeted Milestone: Approval of Exposure Draft in March 2020

Project	Publication – Consultations and Final Pronouncements	Publications – Implementation Activities, Support Materials and Updates	Status and Next Milestone
<u>Quality Management at Firm Level – ISQM 1</u>	<p>The objective of this project is to enhance the robustness of firms' systems of quality control, modernize the standard and improve its scalability.</p> <p><u>Invitation to Comment, Enhancing Audit Quality in the Public Interest, A Focus on Professional Skepticism, Quality Control and Group Audits</u> – December 2015 (the consultation period closed in May 2016)</p> <p><u>ED-ISQM 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements</u> – February 2019</p> <p><u>Overall Explanatory Memorandum, The IAASB's Exposure Drafts for Quality Management at the Firm and Engagement Level, including Engagement Quality Reviews</u> – February 2019</p>	<p><u>Enhancing Audit Quality: Project Proposal for the Revision of the IAASB's International Standards relating to Quality Control and Group Audits</u> – December 2016</p> <p><u>Webcast</u> on proposed changes to the IAASB's International Standard on Quality Control for firms – September 2017</p> <p><u>Video</u> – providing an overview of the three quality management exposure drafts – February 2019</p> <p><u>Draft Examples: How the Nature and Circumstances of the Firm and the Engagements it Performs Affect the Implementation of Proposed ISQM 1</u> – February 2019</p> <p><u>Draft Frequently Asked Questions Regarding Proposed ISQM 1</u> – February 2019</p> <p><u>Video</u> – focusing on the scalability of the three proposed quality management standards for SMPs – March 2019</p>	<p>In the period January 2016 to June 2019, the IAASB consulted through its ITC on proposed changes to enhance a firm's quality control. Based on the responses to the ITC, ED-ISQM 1 was developed and was published for public comment in early 2019 (with a comment period to July 1, 2019). Proposed ISQM 1, together with proposed ISQM 2 and ISA 220 (Revised) (see below), are aimed at introducing a proactive and risk-based quality management approach at the firm and at the engagement level which is expected to contribute to higher-quality audits and other engagements. These standards are expected to have a pervasive effect on behavior in terms of managing and achieving quality, as well as prompting structural and procedural changes within firms in certain instances. The IAASB has commenced analysis of the comments received in response to ED-ISQM 1.</p> <p>Next Targeted Milestone: Approval of Standard in June 2020</p>

Project	Publication – Consultations and Final Pronouncements	Publications – Implementation Activities, Support Materials and Updates	Status and Next Milestone
		<p>Quality Management Webcast Series, including:</p> <ul style="list-style-type: none"> • Webcast One – providing background to the IAASB’s three proposed quality management standards and an overview of the new risk-based approach to quality management in ED-ISQM 1 – March 2019 • Webcast Two – focusing on the remaining elements of a firm’s quality management system in ISQM 1 – April 2019 	

Project	Publication – Consultations and Final Pronouncements	Publications – Implementation Activities, Support Materials and Updates	Status and Next Milestone
Engagement Quality Reviews – ISQM 2	The objective of the development of a new standard relating to engagement quality reviews (EQRs) is to enhance the robustness of an EQR as a response to identified quality risks.		
	<p>Invitation to Comment, Enhancing Audit Quality in the Public Interest, A Focus on Professional Skepticism, Quality Control and Group Audits – December 2015 (the consultation period closed in May 2016)</p> <p>ED-ISQM 2, Engagement Quality Reviews – February 2019</p> <p>Overall Explanatory Memorandum, The IAASB’s Exposure Drafts for Quality Management at the Firm and Engagement Level, including Engagement Quality Reviews – February 2019</p>	<p>Enhancing Audit Quality: Project Proposal for the Revision of the IAASB’s International Standards relating to Quality Control and Group Audits – December 2016</p> <p>Video – providing an overview of the three quality management exposure drafts – February 2019</p> <p>Quality Management Webcast Series, including:</p> <ul style="list-style-type: none"> • Webcast Three – providing an overview of the changes proposed in ED-ISQM 2 and ED-220 (Revised) – May 2019 	<p>As a result of the responses to the ITC, and further discussions by the IAASB, it was agreed that a separate standard would be developed addressing EQRs, with an exposure draft of the new standard being published in early 2019. This proposed standard sets out more robust criteria when determining which engagements are subject to an EQR, establishing an EQR’s objective, clarifying the nature, timing and extent of an EQR, and enhancing the requirements for individuals who perform the review. The IAASB has commenced analysis of the comments received in response to ED-ISQM 2.</p> <p>Next Targeted Milestone: Approval of Standard in June 2020</p>

Project	Publication – Consultations and Final Pronouncements	Publications – Implementation Activities, Support Materials and Updates	Status and Next Milestone
Quality Management at Engagement Level – ISA 220	<p>The objective of this project is to strengthen aspects of quality management for individual audit engagements.</p>		
	<p>Invitation to Comment, <i>Enhancing Audit Quality in the Public Interest, A Focus on Professional Skepticism, Quality Control and Group Audits</i> – December 2015 (the consultation period closed in May 2016)</p> <p>ED-220¹⁰, <i>Quality Management for an Audit of Financial Statements</i> – February 2019</p> <p>Overall Explanatory Memorandum, <i>The IAASB's Exposure Drafts for Quality Management at the Firm and Engagement Level, including Engagement Quality Reviews</i> – February 2019</p>	<p>Enhancing Audit Quality: <i>Project Proposal for the Revision of the IAASB's International Standards relating to Quality Control and Group Audits</i> – December 2016</p> <p>Video providing an overview of the three quality management exposure drafts – February 2019</p> <p>Quality Management Webcast¹¹ Series, including:</p> <ul style="list-style-type: none"> Webcast Three – providing an overview of the changes proposed in ED-ISQM 2 and ED-220 (Revised) – May 2019 	<p>Based on the responses to the ITC, ED-220 was developed and was published for public comment in early 2019, together with ED-ISQM 1 and ED-ISQM 2 (see above). The revisions to ISA 220 will strengthen aspects of quality management at the audit engagement level in a broad range of engagement circumstances. The IAASB has commenced analysis of the comments received in response to ED-220.</p> <p>Next Targeted Milestone: Approval of Standard in June 2020</p>

10. Proposed ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

11. Slides for each of the webcasts are also available, directly below the relevant webcast, at www.ifac.org/publications-resources/iaasb-quality-management-webcast-series

Project	Publication – Consultations and Final Pronouncements	Publications – Implementation Activities, Support Materials and Updates	Status and Next Milestone
Other Assurance and Related Services Engagements (Strategic Objective (ii))			
<u>Agreed-Upon Procedures – ISRS 4400</u>	<p>The objective of this project is to redraft the standard to better reflect practice, using the clarity drafting conventions to be consistent with other IAASB International Standards.</p> <p><u>Discussion Paper, Exploring the Demand for Agreed-Upon Procedures (AUP) Engagements and Other Services, and the Implications for the IAASB’s International Standards</u> – November 2016</p> <p><u>Proposed International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements</u> – November 2018</p>	<p><u>Project Proposal for the Revision of ISRS 4400, Engagements to Perform Agreed-Upon Procedures Regarding Financial Information</u> – September 2017</p>	<p>The IAASB commenced a project to revise its standard on AUP engagements and developed an ED of proposed changes to ISRS 4400. The proposals were based on feedback from the IAASB’s earlier consultation about the demand for AUP engagements. The ED comment period closed on March 15, 2019. At June 30, 2019, the AUP Task Force is continuing to make changes to respond to the comments received from stakeholders.</p> <p>Next Targeted Milestone: Approval of Standard in December 2019</p>

Project	Publication – Consultations and Final Pronouncements	Publications – Implementation Activities, Support Materials and Updates	Status and Next Milestone
EER Assurance	The objective of this project is to enable more consistent and appropriate application of ISAE 3000 (Revised) to extended external reporting (EER) and greater trust in resulting reports.		
	<p>Discussion Paper, <i>Supporting Credibility and Trust in Emerging Forms of External Reporting—Ten Key Challenges for Assurance Engagements</i> – August 2016</p> <p>Consultation Paper, <i>Extended External Reporting Assurance, Draft Guidance in Applying ISAE 3000 (Revised) to Extended External Reporting—Phase 1</i> – February 2019</p>	<p>At a Glance: <i>Supporting Credibility and Trust in Emerging Forms of Reporting – An Overview of the International Auditing and Assurance Standards Board’s Discussion Paper: Supporting Credibility and Trust in Emerging Forms of External Reporting—Ten Key Challenges for Assurance Engagements</i> – August 2016</p> <p>Feedback Statement: <i>Supporting Credibility and Trust in Emerging Forms of External Reporting—Ten Key Challenges for Assurance Engagements</i> – January 2018</p> <p>Videos regarding the IAASB’s work to develop guidance in relation to EER Assurance in Phase 1 of the project:</p> <ul style="list-style-type: none"> • Assertions, Narrative Information 	<p>The feedback to the Discussion Paper issued in 2016 resulted in the EER Working Group being established in 2017 to develop guidance to enable more consistent and appropriate application of ISAE 3000 (Revised)¹² and greater trust in the resulting assurance reports by users of EER reports.</p> <p>The IAASB also agreed to collaborate with the World Business Council for Sustainable Development (WBCSD) to strengthen international assurance standards on sustainability reporting. Such collaboration supports WBCSD’s Redefining Value program and its objective to incorporate sustainability reporting within mainstream reporting, while ensuring external reporting follows the applicable IAASB international assurance standards (or their national equivalents).</p>

12. International Standards on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

Project	Publication – Consultations and Final Pronouncements	Publications – Implementation Activities, Support Materials and Updates	Status and Next Milestone
		<p>& Future-Oriented Information</p> <ul style="list-style-type: none"> • Governance & Internal Control • Criteria • Materiality • Introduction to EER <p>– October 2018</p> <p>Video providing an overview on the IAASB’s Extended External Reporting (EER) Assurance Consultation Paper – Phase 1 – February 2019</p> <p>Project Update on the development of non-authoritative guidance for EER assurance engagements – March 2019</p> <p>Webcast – Introduction to Extended External Reporting (EER) Assurance Consultation Paper – June 2019</p>	<p>With support and funding from WBCSD, the IAASB approved a major project to develop voluntary guidance on applying its existing assurance standards to EER. Work in this regard began in December 2017. Owing to the extent of the project and the terms of the funding received, it was decided to undertake the work in two phases, splitting the identified 10 key challenges for assurance engagements accordingly.</p> <p>For phase one, the IAASB approved a Consultation Paper (CP) in January 2019 and the CP was issued on February 28, 2019 (with a comment period ending on June 21, 2019). This CP is an interim consultation, the purpose of which is to assist the IAASB to continue developing a complete non-authoritative guidance document that is planned to be published together with the guidance developed in the second phase of the project as a combined Exposure Draft targeted for the end of 2019.</p> <p>Next Targeted Milestone: Approval of Exposure Draft in December 2019</p>

Project	Publication – Consultations and Final Pronouncements	Publications – Implementation Activities, Support Materials and Updates	Status and Next Milestone
Projects, Initiatives and Other Publications Supporting (i) and (ii)			
Strategy for 2020–2023 and Work Plan for 2020–2021	<p>The goal of the IAASB is sustained trust in financial and other external reporting, enhanced by high-quality audits, assurance and related services engagements, through delivery of robust global standards developed in the public interest and supporting consistent and proper implementation.</p>		
	<p>Survey on IAASB’s Future Strategy – July 2018</p> <p><u>Proposed Strategy for 2020–2023 and Work Plan for 2020–2021</u> – February 2019</p>		<p>The IAASB has proposed more structured activities to enhance the way that we work and assist with achieving new strategic objectives set to carry the IAASB into 2020 and beyond.</p> <p>The IAASB has commenced considerations to address comments from the responses to its consultation on the proposed Strategy for 2020–2023 and Work Plan for 2020–2021.</p> <p>Next Targeted Milestone: Approval of the <i>Strategy for 2020–2023 and Work Plan for 2020–2021</i> in December 2019</p>
Strategy and Work Plan for 2019	<p><u>IAASB Work Plan for 2019: Priorities and Actions</u> – February 2019</p>		<p>Completed.</p> <p>The IAASB has issued work plans that continue to reflect the IAASB’s work agenda.</p>

Project	Publication – Consultations and Final Pronouncements	Publications – Implementation Activities, Support Materials and Updates	Status and Next Milestone
Strategy and Work Plan for 2017–2018	<p><u>Survey Consultation on the IAASB’s Work Plan for 2017–2018 and Continuing Relevance of Its Strategic Objectives</u> – July 2016</p> <p><u>IAASB Work Plan for 2017–2018: Enhancing Audit Quality</u> – February 2017</p> <p><u>Supplement to the IAASB’s Strategy for 2015–2019: Fulfilling Our Public Interest Mandate in an Evolving World—Continuing Relevance of Strategic Objectives</u> – February 2017</p> <p><u>Basis for Conclusions: The IAASB’s Work Plan for 2017–2018 and Continuing Relevance of Its Strategic Objectives</u> – February 2017</p>	<p><u>Supplement to the IAASB’s Consultation on its Strategic Objectives and Work Plan for 2017–2018</u> – July 2016</p>	<p>Completed.</p> <p>The IAASB has issued work plans that continue to reflect the IAASB’s work agenda. In the period January 1, 2016 to June 30, 2019, the IAASB also confirmed the continuing relevance of its strategic objectives, as it had committed to in embarking on a five-year work plan.</p>

Other IAASB Initiatives	Related Publications	Publication Date
Overview of Other IAASB Initiatives		
Audits of Less Complex Entities	<p>The IAASB has recognized the need for action to address the adoption and implementation of its standards given the increasing complexity of the standards within an increasing complex business environment. The IAASB considers the needs of SMPs in our key projects and liaises regularly with the IFAC's SMP Committee and other representative stakeholders.</p> <p>In the period January 1, 2016 to June 30, 2019 the IAASB has continued to consider the needs of SMPs, in particular in relation to audits of financial statements in accordance with ISAs. An increasing focus during this period on what more can be done resulted in the agreement of the IAASB to dedicate more formal resources to the related issues and concerns. As part of this initiative the IAASB has developed a Discussion Paper to publicly consult on perceived challenges and difficulties in applying the ISAs in audits of LCEs, as well as looking for stakeholder views about possible options to address the challenges.</p> <p>The Discussion Paper is open for comment until September 12, 2019. The information gathered from the responses to this Discussion Paper, as well as other related outreach, will assist the IAASB in making informed decisions on possible further actions in relation to audits of LCEs. To promote awareness and solicit input from a wide range of stakeholders, various outreach activities has been planned during the consultation period, including a second SMP Conference that was held in Paris from May 16–17, 2019, and further targeted events, an on-line survey, webcasts and virtual content utilizing social media.</p>	<p>Discussion Paper, Audits of Less Complex Entities, Exploring Possible Options to Address the Challenges in Applying the ISAs – April 2019</p> <p>Next Targeted Milestone: Feedback Statement in early 2020</p>

Other IAASB Initiatives	Related Publications	Publication Date
Technology and Data Analytics	<p>The IAASB has recognized the importance of understanding how the use of technology, and more specifically data analytics, is influencing audit quality. To ensure that the ISAs continue to form the basis for high-quality, valuable and relevant audits, the IAASB agreed to explore whether the ISAs remain “fit for purpose” in light of emerging developments in the technologies used by auditors.</p> <p>The Data Analytics Working Group (DAWG) was established in mid-2015, and its activities included the monitoring and gathering of information on the various applications of data analytics and the relationship to the financial statement audit. The work of the DAWG culminated in a Request for Input, which informed stakeholders about the Board’s ongoing work to explore effective use of technology in financial statement audits, as well as to obtain their input to assist the IAASB in responding to these developments in the public interest, including whether new or revised standards or guidance is necessary. The resulting Feedback Statement noted that the current ISAs are not ‘broken’ and do not prohibit or preclude the use of technology in performing audits, but that current standards should be modernized as the IAASB undertakes projects to revise standards.</p> <p>The DAWG has been renamed the Technology Working Group (TWG). The TWG continues to provide recommendations to the IAASB on appropriate courses of action to address issues identified, provide input into the IAASB’s other projects and is responsible for facilitating any other actions regarding technology (e.g., the development of publications or guidance addressing the effect of technology when applying certain aspects of the ISAs). The TWG will also continue to issue short communiques periodically to provide an update on the activities of the IAASB regarding technology.</p>	
	Request for Input, Exploring the Growing Use of Technology in the Audit, with a Focus on Data Analytics	September 2016
	Video that provides an update on the IAASB’s Data Analytics project	January 2017
	Video that focuses on questions and answers in relation to Data Analytics	April 2017
	Feedback Statement – Exploring the Growing Use of Technology in the Audit, with a Focus on Data Analytics	January 2018
	Tech Talk Communiqué – Technology and the Future Ready Auditor	May 2019

Other IAASB Initiatives	Related Publications	Publication Date
<u>Professional Skepticism</u>	<p>Professional skepticism is pervasive in the work of the auditor and is encapsulated as a fundamental concept throughout the ISAs. The need for, and the auditor's ability to exercise professional skepticism throughout the audit engagement lies at the heart of a quality audit; it informs the auditor's professional judgement and assists the auditor in properly discharging the auditor's responsibilities, drawing reasonable conclusions, and issuing an auditor's report that is appropriate in the circumstances. The importance of professional skepticism and the IAASB's work in this regard was confirmed through the responses received on the ITC.</p> <p>The Professional Skepticism Working Group comprises representatives from the IAASB, the IESBA, and the International Accounting Education Standards Board (IAESB). This collective effort enables the independent standard-setting boards to consider what actions may be appropriate within their standards and other potential outputs to enhance professional skepticism. This work was completed with the publishing of a joint paper, <u>Toward Enhanced Professional Skepticism, Observations of the IAASB-IAESB-IESBA Professional Skepticism Working Group</u>.</p> <p>The IAASB's Professional Skepticism Sub-Group, comprising members and technical advisors of the IAASB, is continuing the IAASB's work related to enhancing professional skepticism in its auditing and assurance standards. This includes providing input into the IAASB's other projects on how to more effectively respond to issues related to professional skepticism in those projects, collaborating with IESBA and IAESB regarding cross-over topics between the work of the Boards and issuing periodic communiqués to provide updates on the IAASB's efforts to appropriately reflect professional skepticism in its standards.</p>	
	<u>Invitation to Comment, Enhancing Audit Quality in the Public Interest, A Focus on Professional Skepticism, Quality Control and Group Audits</u>	December 2015 (the consultation period closed in May 2016)
	<u>Toward Enhanced Professional Skepticism, Observations of the IAASB-IAESB-IESBA Professional Skepticism Working Group</u>	August 2017
	<u>PS Focus Communiqué: Professional Skepticism Lies at the Heart of a Quality Audit</u>	October 2018
	<u>PS Focus Communiqué: Professional Skepticism and Quality Management</u>	February 2019

Other IAASB Initiatives	Related Publications	Publication Date
Comment Letters on Public Consultations	IAASB Chairman's Comment Letter to the Monitoring Group's Consultation Paper on the Governance and Oversight of International Audit-Related Standard-Setting Boards	February 2018
	Joint IAASB IESBA Chairs' Comment Letter in Response to the Brydon Review	June 2019
IAASB Handbook	2016–2017 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements	December 2016
	2018 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements	December 2018
IAASB-IESBA Coordination Activities	Video on Collaboration and Coordination: IAASB and IESBA Discuss Contributors to Audit Quality and Other Projects	May 2016
	IAASB–IESBA Coordination – General Principles, Criteria and Other Key Considerations	September 2017
	Letter to IAASB and IESBA Stakeholders	November 2017
Comment Letters to the International Accounting Standards Board	Letter for Agenda Consultation	March 2016
	Letter on Disclosures DP	October 2017



OUR OUTREACH AND COLLABORATION (STRATEGIC OBJECTIVE (iii))

The IAASB remains committed to a rigorous program of international outreach, including regular interactions with key stakeholder groups in promoting adoption and effective implementation of the ISAs and other IAASB standards, and understanding the issues that affect our standards. Our stakeholders bring their unique perspectives to our standard-setting activities and our

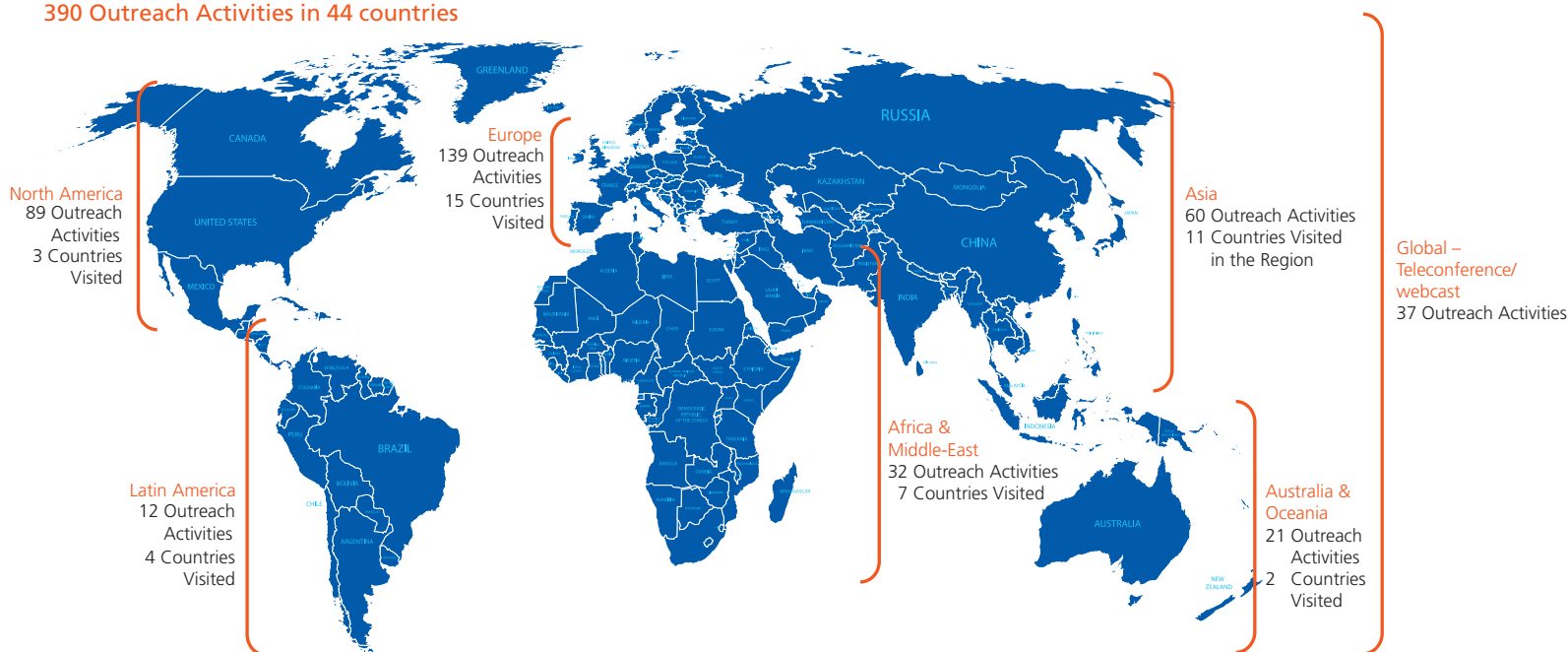
information-gathering efforts on new topics. It is important during the development process of standards, as well as after their finalization, to maintain an active dialogue with all parties that have an interest in using them.

The IAASB has ongoing liaison with many key stakeholders, including the International Accounting Standards Board, MG members, other regulators and audit oversight bodies,

practitioners (through the Forum of Firms, the Global Public Policy Committee and the IFAC's SMP Committee), and NSS (we benefit from the existing relationships a number of NSS have with the relevant bodies in their regions).

We get feedback on consistent, globally-emerging inspection themes through frequent dialogue with regulators and audit inspection bodies, in particular global representatives

IAASB Global Outreach Activities Summary (January 1, 2016 to June 30, 2019) 390 Outreach Activities in 44 countries



from the International Forum of Independent Audit Regulators' Standards Coordination Working Group and the International Organization of Securities Commissions' Committee 1. Such dialogue may suggest areas where enhanced requirements or additional guidance in our ISAs may improve audit quality.

We meet annually with our NSS Liaison Group to discuss topics of mutual interest, which helps us identify opportunities

for collaboration and resource sharing. We have also been considering how to enhance our collaboration activities with the NSS representatives.

Each year we conduct a number of country visits, which typically involve meetings with regulators, NSS and IFAC member bodies as well as auditors, users and preparers, and one-on-one meetings with policymakers and investor groups.

In the period under review, the IAASB has engaged in close to 100 outreach activities for each of the calendar years 2016, 2017 and 2018, and over 60 for the first six months of 2019. These include regional and country visits, covering between 18 to 24 jurisdictions during each outreach program cycle. A comprehensive summary of our outreach activities for each quarter is included in Agenda Item 1 in the Agenda Papers for [IAASB meetings](#).



Exploring Matters Related to Less Complex Entities with Our Stakeholders



In January 2017, the IAASB co-hosted a Working Conference to obtain views from its stakeholders on matters related to audits, and other services, by SMPs for small- and medium-sized entities (SMEs). This initial working conference involved more than 100 delegates from 28 jurisdictions.

In May 2019, the IAASB co-hosted a second conference to discuss the IAASB's consultation on Audits of Less Complex Entities, as well as matters relating to the IAASB's proposals on its proposed revisions to our quality management standards. This conference was attended by more than 75 delegates from over 25 jurisdictions.



APPENDIX – IAASB CAG

The IAASB CAG is an integral and important part of the IAASB’s due process.

CAG Representatives provide advice on numerous areas of public interest, including the IAASB’s strategy, work program and priorities, and other matters of relevance to the IAASB’s activities. All IAASB standard-setting projects are discussed with the IAASB CAG at each

key stage of development—project inception, during the development of a proposed standard prior to exposure and prior to finalization of the standard. The IAASB also formally reports back to the IAASB CAG on how its input has been considered.

The IAASB CAG consists of more than 30 member organizations and observers representing

global regulators, business and international organizations, and users and preparers of financial statements.

The IAASB CAG is led by an independent chair.¹³ The IAASB CAG meets physically twice per year, supplemented by CAG teleconferences as needed. The meetings of the IAASB CAG are open to the public and its agenda material is publicly available.

Member Organizations

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- Associação Brasileira de Instituições Financeiras de Desenvolvimento
- Basel Committee on Banking Supervision
- BUSINESSEUROPE
- CFA Institute
- European Commission
- European Federation of Accountants and Auditors for SMEs
- Financial Executives Institutes International
- Gulf States Regulatory Authorities
- Information Systems Audit and Control Association
- Institute of Internal Auditors

13. See [Message from Chairman of the IAASB CAG](#)

- Interamerican Accounting Association
- International Accounting Standards Board
- International Actuarial Association
- International Association of Financial Executives Institutes
- International Association of Insurance Supervisors
- International Bar Association
- International Corporate Governance Network
- International Organization of Securities Commissions
- International Organization of Supreme Audit Institutions
- International Valuation Standards Council
- Islamic Financial Services Board
- Japan Securities Dealers Association
- National Association of State Boards of Accountancy
- Organisation for Economic Cooperation and Development
- Sri Lanka Accounting and Auditing Standards Monitoring Board
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